



To: Indiana Housing Finance Authority Board of Directors  
 From: Sheryl Sharpe, Wendy Landes, Erika Scott, Jacob Sipe, and Brian Philps  
 Date: June 27, 2002  
 Re: Indiana Low Income Housing Trust Fund Loans

On March 22, 2002, IHFA received two applications for \$450,000 in Trust Fund loans. The following loan is respectfully recommended for Trust Fund financing totaling \$150,000 to assist 3 units. The next deadline for submitting applications for funding is August 1, 2002.

**Area IV Development, Inc.**

**TF-02-01**

**Trust Fund Amount Requested:** \$150,000.00  
**Trust Fund Amount Recommended:** **\$150,000.00**  
**Total Project Costs:** \$2,763,983.00

**Primary Project County:** Carroll  
**Project Name:** Canal View  
**Housing Activity:** Rental - New Construction  
**Loan Type:** Short-Term Permanent Financing  
**Anticipated # of Assisted Units:** 3  
**Income Range:** 100% (3 units) at or below 30% AMI

<b>Loan Terms</b>	<b>Requested</b>	<b>Recommended</b>
<b>Loan Amount</b>	\$150,000.00	\$150,000.00
<b>Rate</b>	4%	4%
<b>Term</b>	7 years	7 years
<b>Amortization</b>	30 years	30 years
<b>Security</b>	2 <sup>nd</sup> mortgage	2 <sup>nd</sup> mortgage
<b>Repayment Schedule</b>	Semi-annual principal and interest payments with a balloon at the end of the term	Semi-annual principal and interest payments with a balloon at the end of the term

This loan is recommended contingent upon the development receiving and retaining an allocation of Rental Housing Tax Credits (RHTC) and/or obtaining other project financing suitable to IHFA.

Area IV Development, Inc. will use the Trust Fund loan as short-term permanent financing for Rental - New Construction. The organization anticipates assisting 3 units of a 30-unit development in the City of Delphi.

The not-for-profit applicant for the Trust Fund loan is Area IV Development, Inc., an IRS-approved 501c(3) organization. Due to the nature of the undertaking as a RHTC development, the owner of the property will be a partnership that has not yet been formed. A wholly owned subsidiary of Area IV Development, Inc. will serve as the General Partner of the ownership entity.

IHFA will execute the Trust Fund loan agreement with Area IV Development, Inc., who in turn will execute a loan agreement with the limited partnership. The limited partnership will provide a mortgage to Area IV Development, Inc., who will then provide IHFA with an assignment of mortgage as security for the Trust Fund loan.

Area IV Development, Inc. will draw down the Trust Fund loan at the completion of construction, which is anticipated to occur in October 2003.

### **Modification Request:**

Staff respectfully recommends modifying the terms of the following Trust Fund loan, which the Board approved in November 2001 for 11 units of rental-new construction in West Terre Haute. The borrower has requested a change in loan terms as follows:

<b>Providence Housing Corporation</b>		<b>TF-01-10</b>
<b>Loan Terms</b>	<b>Original Terms</b>	<b>Proposed Change in Terms</b>
<b>Loan Type</b>	Short-Term Permanent Financing	Construction Financing that converts to Short-Term Permanent Financing
<b>Loan Amount</b>	\$210,000.00	\$210,000.00
<b>Affordability Period</b>	15 years	15 years
<b>Rate</b>	2%	2%
<b>Term</b>	7 years	7 years
<b>Amortization</b>	20 years	20 years
<b>Security</b>	1 <sup>st</sup> mortgage	1 <sup>st</sup> mortgage
<b>Repayment Schedule</b>	Annual principal and interest payments with a balloon payment at the end of the term.	Annual interest-only payments during construction and then annual principal and interest payments with a balloon payment at the end of the term.

Providence Housing Corp. anticipates beginning construction in July and drawing the loan in September 2002.